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PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE JOINT APPLICATION OF ORCHARD GRASS UTILITIES, INC.
AND OLDHAM COUNTY SEWER DISTRICT FOR
APPROVAL OF THE TRANSFER OF WASTE WATER
TREATMENT FACILITIES PURSUANT TO STOCK PURCHASE
AGREEMENT BETWEEN THE PARTIES

Case No. 2004-00029

TESTIMONY OF CARROLL F. COGAN

1. What is your name and business address?

Answer: My name is Carroll F. Cogan, and my business address is 1706 Bardstown Road
Louisville, Kentucky 40205.

2. What is your relationship to Orchard Grass Utilities, Inc.?

Answer: I am the President and sole shareholder of Orchard Grass Utilities, Inc. ("Orchard Grass
Utilities"), a utility subject to the jurisdiction of the Public Service Commission under KRS
278.010(3)(f).

3. How is the Oldham County Sewer District to purchase the assets of Orchard Grass
Utilities?

Answer: A Stock Purchase Agreement has been negotiated by and between Orchard Grass
Utilities and the Oldham County Sewer District ("OCSD"), whereby OCSD will purchase all of
the shares of stock of Orchard Grass Utilities and become the owner of the wastewater treatment
assets and business of Orchard Grass Utilities. These assets include the "Orchard Grass"
wastewater treatment plant, the wastewater collection system served by the Orchard Grass

wastewater treatment plant and the pump stations related thereto, as well as the “Willow Creek” wastewater treatment plant, the wastewater collection system served by the Willow Creek wastewater treatment plant and the pump station related thereto.

4. Please provide a general description of the Orchard Grass wastewater treatment plant and the Willow Creek wastewater treatment plant.

Answer: The Orchard Grass wastewater treatment plant is an above ground package sewage treatment plant. It was acquired in the early 1970's and currently serves approximately 710 customers in Oldham County. The Willow Creek wastewater treatment plant is also an above ground package sewage treatment plant, that was acquired in the early 1970's. It currently serves approximately 335 customers in Oldham and Jefferson counties.

The average daily treatment capacity of the Orchard Grass wastewater treatment plant is 300,000 gallons. The plant is in good condition and consistently meets State water quality standards. Residences located in Briar Hills Subdivision, Poplar Hill Subdivision, Graham Village Apartments and Orchard Grass Subdivision are served by the Orchard Grass wastewater treatment plant, as well as an I-71 rest area.

The average daily treatment capacity of the Willow Creek wastewater treatment plant is 140,000 gallons. The plant is in good condition and consistently meets State water quality standards. Residences located in Willow Creek Subdivision are served by the Willow Creek wastewater treatment plant. Neither Orchard Grass or OCSD is subject to regulation by a metropolitan sewer district.

5. When were the most recent cases for rate adjustment for the Orchard Grass sewer system and the Willow Creek sewer system filed with the Public Service Commission?

Answer: The most recent case for rate adjustment filed for the Orchard Grass sewer system was filed in 1997, and since that time the rate has been fixed at \$15.59. The most recent case for rate adjustment filed for the Willow Creek sewer system was filed in 1997, and since that time the rate has been fixed at \$18.45.

6. Does the Division of Water generally support the regionalization of wastewater treatment and the elimination of privately owned wastewater treatment plants?

Answer: Since the 1980's the Kentucky Division of Water has encouraged the regionalization of sewage collection and wastewater treatment, and the elimination of small, privately-owned wastewater treatment plants such as the Orchard Grass wastewater treatment plant and the Willow Creek wastewater treatment plant. I have contacted the Division of Water on a number of different occasions to discuss expanding the capacity of the wastewater treatment plants that I own, and the Division of Water will not generally grant approval for the expansion of capacity for small privately owned wastewater treatment plants. Furthermore, as stated in the April 5, 2004, letter from William Chlebowy, P.E., Supervisor of the Municipal Planning Section, Facilities Construction Branch, Division of Water, to Tom Dorman, Executive Director of the Public Service Commission, the proposed transfer of the Orchard Grass and Willow Creek wastewater treatment plants to the OCSD is consistent with Oldham County's wastewater Facility plan as reviewed and approved by the Kentucky Division of Water (See attachment A).

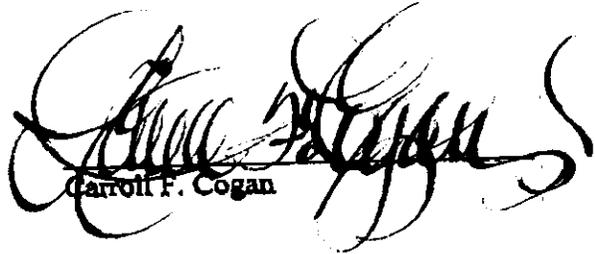
7. Please identify the streams into which the Orchard Grass wastewater treatment plant and the Willow Creek wastewater treatment plant discharge.

Answer: The Orchard Grass wastewater treatment plant discharges into a tributary to the South Fork of Harrod's Creek and the Willow Creek wastewater treatment plant discharges into a

tributary to the South Fork of Harrods Creek. Both of these tributaries are determined to have a zero flow during parts of the year by the Kentucky Division of Water. The elimination of these wastewater treatment plants by the OCSD will eliminate the discharge into these zero flow streams.

8. Does this conclude your pre-filed testimony?

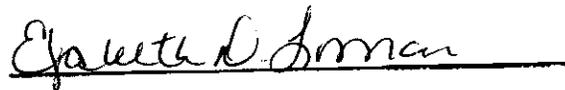
Answer: Yes.


Carroll F. Cogan

STATE OF KENTUCKY

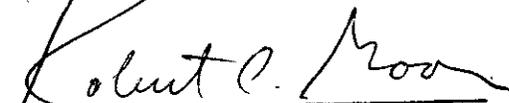
COUNTY OF JEFFERSON

13 SUBSCRIBED AND SWORN to and acknowledged before me by Carroll F. Cogan, this the day of April, 2004.
My Commission expires: 2-26-08.



NOTARY PUBLIC

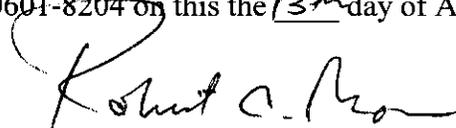
Respectfully Submitted,


Robert C. Moore

Hazelrigg & Cox, LLP
415 West Main Street, 1st Floor
P.O. Box 676
Frankfort, Kentucky 40602-0676

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by first class mail, postage prepaid, on Edward Schoenbaechler, Hall, Render, Killian, Heath & Lyman, P.S.C. 2501 Nelson Miller Parkway, Louisville, Kentucky 40223, Robert L. Madison, 5407 Baywood Drive, Louisville, Ky., 40241-1318, and David Edward Spenard, Assistant Attorney General, 1024 Capital Center Drive, Suite 200, Frankfort, Ky., ~~40601-8204~~ on this the 13th day of April, 2004.



Robert C. Moore



COMMONWEALTH OF KENTUCKY
ENVIRONMENTAL AND PUBLIC PROTECTION CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
FRANKFORT OFFICE PARK
14 REILLY RD
FRANKFORT, KY 40601

REC'D APR 07 2004

April 5, 2004

Tom Dorman, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard, P.O. Box 615
Frankfort, Kentucky 40602

RE: Joint Application of Orchard Grass Utilities, Inc., and the Oldham County
Sewer District for transfer approval

Dear Mr. Dorman:

The proposed transaction effecting the transfer of the Orchard Grass and Willow Creek wastewater treatment plants to the Oldham County Sewer District is consistent with this community's wastewater Facility Plan as reviewed and approved by the Kentucky Division of Water. The acquisition of these facilities by the Oldham County Sewer District will contribute significantly to the goal of regionalizing Oldham County's sewage collection and treatment works. Further, it will accelerate the ultimate elimination of small, privately-owned wastewater treatment plants, such as Orchard Grass and Willow Creek, which will be replaced by new or existing regional treatment facilities. The Division of Water encourages such an approach.

The approved Wastewater Facility Plan submitted by the Oldham County Sewer District may be viewed by you or your staff at this office. Please advise if you wish to see the plan, and we will be happy to make the necessary arrangements.

Sincerely,

A handwritten signature in black ink that reads "William L. Chlebowy for".

William L. Chlebowy, P.E., Supervisor
Municipal Planning Section
Facilities Construction Branch
Division of Water

Exhibit A



Mr. Tom Dorman
April 5, 2004
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C: Carroll Cogan
Ed Schoenbaechler
Robert C. Moore